

## FORECASTS COMPARISON

Idaho has a dynamic economy whose growth is influenced by a myriad of local, national, and international factors. Therefore, changes to the projected values of such diverse variables as oil prices, interest rates, and national housing starts can have an effect at the state level. In order to account for the effects of such changes on the state's economy, each issue of the *Idaho Economic Forecast* uses Global Insight's most recent forecast of the U.S. economy. Additional data, such as company-specific expansions and/or contractions are also considered.

The following comparison table shows how the outlooks for several key Idaho and national economic series have changed from the January 2004 to the April 2004 *Idaho Economic Forecast*. The January 2004 Idaho forecast is based on Global Insight's November 2003 baseline forecast and the April 2004 Idaho forecast is driven by Global Insight's March 2004 baseline U.S. macroeconomic forecast.

A comparison of several key variables shows how the outlooks for the national and state economies have changed since the January 2004 *Idaho Economic Forecast* was published. A comparison between the current and previous national forecast has been complicated because many real values have been revised to a 2000 base year versus the 1996 base year that was used in the last forecast. In order to adjust for the different bases, the estimates from the previous forecast have been rebased to a 2000-base year. Real GDP is 0.5% higher than in the previous forecast in 2004 because the economy grows significantly faster in 2003 and 2004 compared with the previous forecast. After 2004, both forecasts show real GDP growing about 3.6% per year. Inflation is virtually the same in 2003 and 2004 for the two forecasts, but is slightly lower in the current forecast beginning with 2005. The combined result at the end of the forecast period is real GDP is \$83 billion (0.7%) higher than in the former forecast. The current forecast projects U.S. nonfarm employment would advance 1.2% annually over the 2003-2005 period. In comparison, a few months ago nonfarm employment was forecast to grow 1.3%. While the difference in growth rates appears minor, the result is nonfarm employment is expected to be nearly 1.1 million (0.8%) lower in 2007 than had been previously forecasted.

The most notable change between the previous and current Idaho forecasts is jobs. First, the starting point for the Idaho nonfarm employment forecast was lowered because new job data showed the previous forecast was too optimistic. Instead of ending 2003 with the 576,297 jobs expected in the previous forecast, the new data show Idaho nonfarm employment was actually 571,798 at the end of the year. In addition to the lower starting point, the growth rate for jobs during the first two years of the forecast has been lowered. Specifically, instead of averaging 1.6% in 2004 and 2005, Idaho nonfarm employment growth should average 1.4% over those two years. As a result, Idaho nonfarm employment is expected to be 587,844 in 2005, or about 3,900 below the previous prediction. However, employment growth is expected to accelerate in the last two years of the forecast and make up most of the ground lost during 2004 and 2005. Idaho nominal personal income displays a similar pattern as nonfarm employment. Namely, it grows slightly slower in 2004 and 2005 than its predecessor, but advances faster in 2006 and 2007. As a result, Idaho real personal income is \$78 million (0.5%) higher in 2007 compared to the previous forecast.

**IDAHO ECONOMIC FORECAST**  
**FORECASTS COMPARISON**  
**DIFFERENCES BETWEEN**  
**APRIL 2004 AND JANUARY 2004 FORECASTS**

	2000	2001	2002	2003	2004	2005	2006	2007
<b>GDP (BILLIONS)</b>								
Current \$	-8	19	35	61	103	71	62	68
% Difference	-0.1%	0.2%	0.3%	0.6%	0.9%	0.6%	0.5%	0.5%
2000 Chain-Weighted	-8	17	-8	12	50	55	78	83
% Difference	-0.1%	0.2%	-0.1%	0.1%	0.5%	0.5%	0.7%	0.7%
<b>PERSONAL INCOME - CURR \$</b>								
Idaho (Millions)	0	0	0	48	-389	-363	-185	-99
% Difference	0.0%	0.0%	0.0%	0.1%	-1.0%	-0.9%	-0.4%	-0.2%
U.S. (Billions)	23	28	-12	-18	-99	-124	-106	-97
% Difference	0.3%	0.3%	-0.1%	-0.2%	-1.0%	-1.2%	-1.0%	-0.8%
<b>PERSONAL INCOME - 2000 \$</b>								
Idaho (Millions)	0	-4	-2	85	-343	-156	116	178
% Difference	0.0%	0.0%	0.0%	0.3%	-1.1%	-0.5%	0.3%	0.5%
U.S. (Billions)	23	26	-12	-7	-87	-67	-22	-16
% Difference	0.3%	0.3%	-0.1%	-0.1%	-1.0%	-0.8%	-0.2%	-0.2%
<b>TOTAL NONFARM EMPLOYMENT</b>								
Idaho	2	-2	-7	-2,054	-3,470	-3,890	-2,196	-238
% Difference	0.0%	0.0%	0.0%	-0.4%	-0.6%	-0.7%	-0.4%	0.0%
U.S. (Thousands)	1	7	-33	-72	-559	-844	-886	-1,088
% Difference	0.0%	0.0%	0.0%	-0.1%	-0.4%	-0.6%	-0.6%	-0.8%
<b>GOODS PRODUCING SECTOR</b>								
Idaho	-2	-5	-7	-117	773	752	516	995
% Difference	0.0%	0.0%	0.0%	-0.1%	0.8%	0.8%	0.5%	1.0%
U.S. (Thousands)	1	1	-64	-228	-217	-275	-256	-218
% Difference	0.0%	0.0%	-0.3%	-1.0%	-1.0%	-1.2%	-1.1%	-1.0%
<b>NONGOODS PRODUCING SECTOR</b>								
Idaho	4	3	0	-1,936	-4,243	-4,642	-2,713	-1,233
% Difference	0.0%	0.0%	0.0%	-0.4%	-0.9%	-0.9%	-0.5%	-0.2%
U.S. (Thousands)	0	7	31	156	-342	-569	-630	-870
% Difference	0.0%	0.0%	0.0%	0.1%	-0.3%	-0.5%	-0.6%	-0.7%
<b>FINANCIAL MARKETS</b>								
Federal Funds Rate	0.0%	0.0%	0.0%	0.0%	0.1%	0.5%	0.6%	0.1%
Bank Prime Rate	0.0%	0.0%	0.0%	0.0%	0.1%	0.5%	0.6%	0.1%
Mort Rate, Existing Homes	0.0%	0.0%	0.0%	-0.1%	-0.6%	-0.6%	-0.4%	-0.4%
<b>INFLATION</b>								
GDP Price Deflator	0.00	0.01	0.43	0.48	0.45	0.11	-0.21	-0.22
Personal Cons Deflator	0.00	0.01	0.01	-0.12	-0.06	-0.54	-0.85	-0.78
Consumer Price Index	-0.01	-0.02	0.01	-0.04	0.52	-0.58	-1.42	-1.79

Forecast Begins the **FOURTH** Quarter of 2003